What is claimed is:

1.   A method for committing capital to a private equity portion of an investment portfolio, wherein the investment portfolio includes the private equity portion and a liquid portion, comprising:

5   (a)   determining a committed capital target based on an expected rate of return of the liquid portion of the portfolio, an expected rate of return of the private equity portion of the portfolio, an expected rate at which distributions are paid from the private equity portion of the portfolio, and an expected rate at which capital commitments associated with the private equity portion of the portfolio are invested;

10   (b)   comparing an actual value of committed capital in the private equity portion of the portfolio with the committed capital target;

(c)   delaying commitment of further capital in the private equity portion of the portfolio if the actual value of committed capital in the private equity portion of the portfolio exceeds the committed capital target; and

15   (d)   committing further capital in the private equity portion of the portfolio if the actual value of committed capital in the private equity portion of the portfolio is below the committed capital target.

2.   The method of claim 1, wherein step (a) further comprises determining the
20   committed capital target in accordance with a target for invested capital in the private equity portion of the portfolio.

3.   The method of claim 2, wherein the target for committed capital is determined in step (a) in accordance with the following equation:

$$C^* = I^* \left[1 + \left(\frac{1}{r_{IN}} \right) \times \left[(1 - I^*) \times (r_L - r_I) + r_{DI} \right] \right]$$

wherein C^* corresponds to the target for committed capital, I^* corresponds to the target for invested capital in the private equity portion of the portfolio, r_L corresponds to the expected rate of return of the liquid portion of the portfolio, r_I corresponds to the expected rate of return of the private equity portion of the portfolio, r_{DI} corresponds to the expected rate at which distributions are paid from the private equity portion of the portfolio, and r_{IN} corresponds to the expected rate at which capital commitments associated with the private equity portion of the portfolio are invested.

4.   The method of claim 2, wherein steps (a)-(d) are repeated periodically, thereby causing a value representing actual invested capital in the private equity portion of the portfolio to converge to the target for invested capital in the private equity portion of the portfolio.

5.   The method of claim 4, wherein steps (a)-(d) are repeated annually.

6.   The method of claim 4, wherein at least one of the expected rate of return of the liquid portion of the portfolio, the expected rate of return of the private equity portion of the portfolio, the expected rate at which distributions are paid from the private equity portion of the portfolio, and the expected rate at which capital commitments associated with the private equity portion of the portfolio are invested, are recalculated during a subsequent iteration of step (a).

7.   The method of claim 6, wherein each of the expected rate of return of the liquid portion of the portfolio, the expected rate of return of the private equity portion of the portfolio, the expected rate at which distributions are paid from the private equity

5   portion of the portfolio, and the expected rate at which capital commitments associated with the private equity portion of the portfolio are invested, are recalculated during a subsequent iteration of step (a).

8.   A system for committing capital to a private equity portion of an

10   investment portfolio, wherein the investment portfolio includes the private equity portion and a liquid portion, comprising a computer with software that causes the computer to:

(a)   determine a committed capital target based on an expected rate of return of the liquid portion of the portfolio, an expected rate of return of the private equity portion of the portfolio, an expected rate at which distributions are paid from the private equity

15   portion of the portfolio, and an expected rate at which capital commitments associated with the private equity portion of the portfolio are invested;

(b)   compare an actual value of committed capital in the private equity portion of the portfolio with the committed capital target;

(c)   delay commitment of further capital in the private equity portion of the

20   portfolio if the actual value of committed capital in the private equity portion of the portfolio exceeds the committed capital target; and

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(d)   commit further capital in the private equity portion of the portfolio if the

actual value of committed capital in the private equity portion of the portfolio is below

the committed capital target.

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